## Message Text

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PAGE 01 STATE 175765 ORIGIN SS-15

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DRAFTED BY S/PTA:DHPOPPER:JK
APPROVED BY S/PTA:AMB. POPPER
NSC - MR. PASTOR
DOD - COL. CARROLL
L - MR. FORTUNE
ARA/PAN - MR. CAMAUR

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R 121940Z JUL 78 FM SECSTATE WASHDC TO AMEMBASSY PANAMA

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E.O. 11652: N/A

TAGS: EWWT, PN, US

SUBJECT: COCO SOLO CONTAINER PORT

REF; PANAMA 4778

## FROM POPPER

1. WHEN MINISTER BARLETTA WAS IN WASHINGTON JULY 1, BOB PASTOR AND I HAD SEPARATE TALKS WITH HIM ABOUT HIS DESIRE TO BEGIN CONSTRUCTION WORK AS SOON AS POSSIBLE ON THE PROPOSED CONTAINER PORT AT COCO SOLO. WITHOUT GIVING BARLETTA ANY ASSURANCES, I PROMISED THAT WE WOULD CAREFULLY REVIEW THE SITUATION AND LET HIM KNOW HOW FAR I THOUGHT WE MIGHT GO TOWARD COMPLYING WITH HIS WISHES. WE HAVE NOW COMPLETED THAT REVIEW. UNLESS YOU PERCEIVE OBJECTION, I WOULD LIMITED OFFICIAL USE

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PAGE 02 STATE 175765

APPRECIATE YOUR PASSING FOLLOWING MESSAGE FROM ME TO BARLETTA.

2. BEGIN QUOTE: PURSUANT TO OUR CONVERSATION JULY 1 AND YOUR MEETING WITH BOB PASTOR, I HAVE REVIEWED WITH A GROUP OF CONCERNED OFFICIALS THE PROBLEMS INVOLVED IN MAKING AN EARLY START ON THE PROPOSED CONTAINER PORT AT COCO SOLO.

WHILE WE TRIED TO LOOK IMAGINATIVELY AT THE LEGAL AND POLITICAL OBSTACLES. WE HAVE UNFORTUNATELY BEEN UNABLE TO

FIND A WAY THROUGH THE DIFFICULTIES INVOLVED IN YOUR PROPOSAL.

- 3. QUOTE: SPECIFICALLY, WE CANNOT USE AS A PRECEDENT THE FRANCE FIELD PROJECT AUTHORIZED UNDER ARTICLE 5 OF THE 1936 TREATY, SINCE THE CONTAINER PORT IS NOT A CUSTOMS FACILITY. FURTHER, ALTHOUGH THE GOVERNOR OF THE CANAL ZONE MIGHT BE ABLE TO ISSUE A LAND LICENSE FOR THE PORT, UNITED STATES JURISDICTION OVER THE AREA WOULD CONTINUE UNTIL THE NEW TREATY COMES INTO FORCE, AND IT WOULD THEREFORE BE NECESSARY FOR THE GOVERNMENT OF PANAMA TO COMPLY WITH ALL APPLICABLE US LEGISLATION INCLUDING THAT RELATING TO MINIMUM WAGES, OCCUPATIONAL SAFETY AND HEALTH. WE BELIEVE IT VERY UNLIKELY THAT, UNDER US LAW, THE GOVERNMENT OF PANAMA COULD ESTABLISH ANY CLAIM TO SOVEREIGN IMMUNITY IN SUCH CIRCUMSTANCES, IN THE UNITED STATES COURTS.
- 4. QUOTE: TO OBTAIN RELIEF FROM THE APPLICABLE PROVISIONS OF US LAW WOULD REQUIRE LEGISLATIVE ACTION HERE. THE PRELIMINARY SOUNDINGS WE HAVE MADE AS TO PROSPECTS IN THIS REGARD HAVE BEEN DISCOURAGING. EVEN IF WE WERE TO PROCEED ON THE ASSUMPTION THAT US LAW WOULD BE RIGOROUSLY LIMITED OFFICIAL USE

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PAGE 03 STATE 175765

APPLIED, WE ARE CONVINCED THAT THERE WOULD BE A NEGATIVE AND POLITICALLY HARMFUL RESPONSE. IT IS OUR IMPRESSION THAT THE CONGRESS WOULD REACT STRONGLY TO ANY PERCEIVED ATTEMPT TO ADVANCE THE TIME LIMITS, OR ALTER THE PROCEDURES, BY WHICH WE ARE BOUND UNDER THE TREATIES AS APPROVED BY THE US SENATE. THIS COULD HAVE AN ADVERSE IMPACT ON PROSPECTS FOR PASSAGE OF THE TREATY IMPLEMENTING LEGISLATION, WITH RESULTS WHICH MIGHT BE UNFORTUNATE FOR BOTH COUNTRIES.

5. QUOTE: WE DO NOT BELIEVE THAT THESE OBJECTIONS WOULD BE APPLICABLE TO THE KIND OF PRELIMINARY STUDIES AND OPERATIONS DISCUSSED IN THE JUNE 30 MEETING BETWEEN PANAMANIAN AND US GOVERNMENT REPRESENTATIVES. I REFER TO THE TAKING OF ONSHORE AND OFFSHORE CORE SAMPLINGS, AND LAND AND OFFSHORE AREA SURVEYS. WE WOULD ALSO BE INCLINED TO LOOK SYMPATHETICALLY AT ANY PROPOSAL FOR PRE-POSITIONING EQUIPMENT OR TAKING OTHER STEPS PREPARATORY TO ACTUAL CONSTRUCTION WHICH COULD BE UNDERTAKEN WITHOUT GIVING RISE TO THE LEGAL OR POLITICAL PROBLEMS TO WHICH I HAVE REFERRED.

6. QUOTE: ACCORDINGLY I SUGGEST THAT DISCUSSIONS CON-,INUE IN PANAMA, LOOKING TOWARD A DETAILED AGREEMENT REGARDING STEPS THE PORT AUTHORITY AND THE CANADIAN CON-TRACTOR MIGHT TAKE AT THIS TIME. WHEN THE PREPARATORY

WORK COVERED IN SUCH AN AGREEMENT NEARS COMPLETION, WE WOULD BE GLAD TO REEXAMINE THE SITUATION TO DETERMINE WHETHER FURTHER PROGRESS WOULD BE POSSIBLE AT THAT STAGE. MOVING AHEAD ALONG THESE LINES WILL HELP US TO ENSURE THAT ACTUAL ON-SITE CONSTRUCTION CAN BEGIN WITH A MINIMUM OF DELAY, AT THE EARLIEST APPROPRIATE TIME.

7. QUOTE: I REALIZE THAT THIS ARRANGEMENT IS NOT FULLY SATISFACTORY. BUT I BELIEVE IT REPRESENTS THE BEST MEANS LIMITED OFFICIAL USE

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PAGE 04 STATE 175765

OF GETTING THE CONTAINER PORT INTO OPERATION JUST AS QUICKLY AS POSSIBLE. WARM REGARDS. END QUOTE.

8. IN APPROVING FOREGOING MESSAGE, STATE AND DEFENSE ARE AT THE SAME TIME AUTHORIZING USG REPRESENTATIVES IN PANAMA TO PROCEED WITH NEGOTIATION OF AN AGREED SCHEDULE OF ACTIVITIES ALONG THE LINES INDICATED. CHRISTOPHER

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